

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 L-03 H-03

PA-03 PRS-01 USIA-15 CIAE-00 COME-00 FRB-02 INR-10

NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01 AGR-20 DRC-01

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R 140930Z SEP 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 7998

C O N F I D E N T I A L MANILA 10534

E.O. 11652: GDS

TAGS: EGEN, RP, US

SUBJECT: U.S. PHILIPPINE ECONOMIC RELATIONS AND DRAFT AER TREATY

1. AMBASSADOR MET EVENING OF SEPTEMBER 12 WITH
SELECTED GROUP U.S. BUSINESS LEADERS IN PHILIPPINES
TO REPORT ON THE CURRENT STATE OF DISCUSSIONS BETWEEN
U.S. AND PHILIPPINE GOVERNMENTS ON FUTURE BILATERAL
RELATIONS AND TO INVITE COMMENT ON FUTURE COURSES OF
ACTION. AMBASSADOR SAID U.S. WAS SEEKING SET LONG-
TERM FRAMEWORK WITH AER TREATY, DRAFT OF WHICH MISSION
HOPED BE ABLE PRESENT TO GOP SOON, WHILE RESERVING
TRANSITION ISSUES FOR HANDLING OUTSIDE AER TEXT. FORM
IN WHICH TRANSITION ISSUES WILL BE HANDLED COULD NOT
BE FIXED AT THIS POINT BUT IMPORTANCE OF THESE ISSUES
TO LONG-TERM RELATIONSHIP WOULD REQUIRE THEIR
INTRODUCTION INTO DESSESSIONS SOON AFTER PRESENTATION
OF DRAFT TREATY.

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2. AMBASSADOR AND OTHER EMBASSY OFFICERS REVIEWED EMBASSY THINKING REGARDING PRINCIPAL ECONOMIC ARTICLES OF DRAFT, INCLUDING PROVISIONS ON NATIONAL TREATMENT, AND LIKELY PATTERN EXCEPTIONS THERETO, EMPLOYMENT OF FOREIGN NATIONALS AND MOST-FAVORED-NATION TREATMENT IN REGARD TO INVSETMENT INCENTIVES. BUSINESS LEADERS SAID APPROACH BEING TAKEN TO AER APPEARED FULLY CONSISTENT WITH ALL THEIR MAJOR NEEDS AND EXPRESSED HOPE IT WOULD PROVE ACCEPTABLE TO PHILIPPINES.

3. IN RETURNING TO TRANSITION ISSUES AMBASSADOR REFERRED TO HIS CONVERSATIONS WITH PRESIDENT MARCOS AND SAID THAT PRESIDENT LEFT IMPRESSION THAT SOMETHING MIGHT BE ACHIEVED REGARDING LEASES AND OTHER CONTRACT RIGHTS AND RESIDENTIAL LAND BUT GAVE LITTLE ENCOURAGEMENT REGARDING OTHER TYPES OF LAND. BUSINESS LEADERS SAID LAND WAS CLEARLY CENTRAL ISSUE. THEY REPORTED GROWING IMPRESSION THAT PHILIPPINES MIGHT BE PERSUADED TO PERMIT U.S. FIRMS TO RETAIN TITLE TO COMMERCIAL AND INDUSTRIAL LAND. THEY ALSO NOTED THAT DISAPPOINTMENT ON THIS ISSUE COULD BE EXPECTED HAVE WIDE IMPACT AMONG U.S. BUSINESSMEN. AMBASSADOR REPLIED THAT PESPECTIVE ON WHAT IS POSSIBLE SHOULD REFLECT APPRECIATION OF PHILIPPINE AND U.S. REALITIES RELATED
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THIS ISSUE.

4. BUSINESS LEADERS EXPRESSED DESIRE THAT UNCERTAINTY REGARDING VALIDITY OF LAND TITLES NOT BE PROLONGED LONGER THAN NECESSARY, NOTING THAT POSITION OF LAND OWNERS WILL GROW INCREASINGLY UNTENABLE AS JULY 3, 1974 APPROACHES WITHOUT RESOLUTION THIS ISSUE. LEADERS SAID PREFERRED COURSE WAS FOR U.S.G. TO TAKE UP LAND AND OTHER

TRANSITION ISSUES WITH GOP IN EFFORT OBTAIN MOST
FAVORABLE POSSIBLE SOLUTION IN LIGHT EXPECTED DIFFI-
CULTIES WITH U.S. CONGRESS AND UNCERTAINTY ABOUT U.S.
SUGAR POLICY.

5. MISSION WILL OUTLINE CURRENT THOUGHTS ON HOW BEST
APPROACH GOP ON TRANSITION ISSUES BY SEPTTEL.
SULLIVAN

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